

PVTA
Pioneer
Valley
Transit
Authority

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**MINUTES OF PVTA'S
REMOTE FINANCE & AUDIT COMMITTEE MEETING
November 16, 2020**

1. CALL TO ORDER

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Monday, November 16, 2020 at 10:00 A.M. remotely in accordance with the Governor's State of Emergency Provisions of the Open Meeting Law, G.L. c. 30A, Section 20, relieving from the requirement of section 20 of chapter 30A that it conduct its meetings in a public place that is open and physically accessible to the public, permitting a public body to allow remote participation by all members.

ROLL CALL MEMBERS PRESENT:

Members: Doug Slaughter, Amherst; Steve Huntley, Chicopee; David Moskin, Hadley

NOT PRESENT:

Brian O'Leary, Belchertown

Call to Order: Doug Slaughter, Chairman of the Finance & Audit Committee stated that the committee has a quorum and called the meeting to order at 10:15 A.M.

2. PUBLIC COMMENTS

Chairman Slaughter opened the floor for public comments. No Public Comments were made.

**3. APPROVAL OF MINUTES OF THE FINANCE & AUDIT COMMITTEE MEETING OF
SEPTEMBER 21, 2020**

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve the meeting minutes of September 21, 2020.

MOTION: Moved and seconded (Moskin/Huntley) to approve the minutes of PVTA's Finance & Audit Committee meeting held September 21, 2020.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

David Moskin: Yes

Steve Huntley: Yes

Doug Slaughter: Yes

Motion passed, 3-0 vote.

4. BUDGET TO ACTUAL REPORT

Chief Financial Officer (CFO), Lisa Seymour, stated that PVRTA has used \$7M of the CARES Act funding in order to sustain service. The biggest concern with the budget to actual is the revenue. CFO Seymour reported the following on PVRTA's FY21, 3-Month Budget to Actual:

Revenue:

Farebox Revenue is significantly down because of Covid-19.

School Passes: Schools are not back to in-person sessions and conducting remote learning thus no revenue can be collected as of yet.

Insurance Recoveries, Interest, Miscellaneous are expected to even out as claims are processed and the interest is booked.

Operating Subsidy: Other grants will even out by end of year. Difference in amounts are a reflection on how they are processed.

Federal Operating Grants: TRAMS just reopened at the beginning of November. Nothing could be recovered this quarter.

Paratransit Service Expenses:

NEXT trips are down significantly due to Covid effects on ridership. Operations has given ridership projections that were used to develop a reasonable 2021 Budget but even with those projections, trip cost is still down.

Fuel: Less service on the road and less ridership directly effects this category.

Maintenance: Van maintenance is under budget as less vans are being used. Less mileage is being put on the vans along with less service hours.

Fixed Route Expenses:

SATCO/VATCO: Both very close to budget.

UMass: Down due to college just recently bringing some students back. UMass has been on very limited service since the start of Covid.

Maintenance Recovery: Expected to even out next quarter due to late billing.

Allocated Insurance and IT: Expected to even out next quarter due to billing.

A full copy of PVRTA's 3-Month Budget to Actual Report has been filed with the minutes of this meeting.

Chairman Slaughter asked for a motion from the Finance & Audit Committee to accept PVRTA's 3-Month Budget to Actual Report.

MOTION: Moved and seconded (Huntley/Moskin) to accept PVRTA's 3-Month Budget to Actual Report.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

David Moskin: Yes

Steve Huntley: Yes
Doug Slaughter: Yes

Motion passed by a 3-0 vote.

5. FY21 AMENDED BUDGET

Chief Financial Officer, Lisa Seymour, reported the following:

These predictions are very conservative although we are operating mostly full service, we do not know the outcome of the schools returning to in class learning, when the ridership will return to full status or the status of maintaining our workforce with recent developments of the pandemic.

The variance in the budget is from the approved FY21 Budget in May without Covid assumptions to the Amended FY21 Budget today. These figures are based from the ending FY20 and the first quarter of FY21 financials. These figures include costs associated with the Covid pandemic and makes assumptions that take into consideration further possible developments of Covid.

Without the CARES Act, PVRTA could not sustain full service. We are predicting that we will use \$12 million dollars of the CARES Act funding for FY21. \$7.4 million dollars in operating funds and \$5 million dollars in capital costs for Covid expenses.

Revenue:

Farebox revenue has a decrease of 45%. The Farebox line item includes cash, passes and any revenue paying a fare. This includes the STCC passes that are purchased throughout the year as well as Springfield and Holyoke School Trippers. This figure reflects an assumption that the schools will return to on campus learning in the spring. This budget is somewhat conservative, assuming that the schools are in person. If schools don't return to on campus learning, the farebox revenue will reflect that as the year progresses.

Advertising has decreased by 25%. Marketing/Advertising is unfortunately the first to go during difficult times. Advertising that normally target students are reluctant to renew contracts and many businesses have pulled their advertising due to Covid shutdowns and limitations.

Interest, Insurance Recoveries and Misc. stayed about the same. This includes interest on our bank accounts, insurance recoveries from accidents and other miscellaneous revenue such as ID pictures.

Operating Subsidy Other: This line item changed significantly due to The Loop not operating during Covid and is not expected to resume for FY21. Also due to reduced college specific service the subsidy for Five Colleges and UMass are not expected to be collected. Both provide a subsidy for service above and beyond the local assessments.

Federal Operating Grants: This grant is federal money that is used to support our operating budget specifically for preventative maintenance of our fleet and ADA service based on a formula. Due to reduced miles and ADA, it is anticipated that we will be more in line with where we were for FY20. This line item is reduced to reflect that figure.

State Contract Assistance: Amount is assumed to be at the level of the Governor's Budget.

Expenses:

Administration: This line item includes many things. Wages and Fringe are included in this line item as well as legal, public relations, janitorial, security, utilities, supplies, equipment and maintenance. The increase of 4% is based on a few different line items. The audit line was an oversight and was based on a half year and was adjusted to cover a full year. Public relations increased due to information dissemination as to keeping the public informed during this pandemic is crucial. Legal increased significantly due to additional legal expenses directly associated with Covid such as counsel on OSHA, CDC requirements, Families First Act, Governors Orders, testing, quarantine etc. Janitorial increased due to added cleaning to facilities and transfer points as well as disinfecting common areas. Security also increased due to Covid concerns and incidents.

Fixed Route Service shows a slight increase. This service not only includes our management company, but it encompasses all our garages salaries and overhead which includes Springfield, Northampton and Amherst. Overhead includes utilities, security and janitorial among many others which have all increased due to Covid. Cost of service is anticipated to increase due to overtime of drivers and cleaning of the buses to ensure safety.

Please note that although there was some service reduction implemented due to Covid for FY20, the fixed route expenses were over budget by more than \$500,000 as presented in the audited financials. These expenses are related to maintaining the same workforce level, administrative leave due to quarantine, purchasing of PPE's, overtime to cover leave, overtime for cleaning and disinfecting the buses and vans and the need for additional cleaning and disinfecting to maintain a safe environment at all facilities.

The cost of the paratransit service is anticipated to come in lower than budget due to the senior centers and COA's not being opened as of yet.

Allocated Insurance shows a large increase from the approved budget while some policies stayed the same. Workers compensation decreased but some policies increased. The increase is due to a few factors. The 2840 building had over \$2 million dollars in improvements. Brokers had difficulty having insurance companies bid due to the pandemic with the Covid unknowns. We assumed 20 new buses and 27 new vans. During Covid, disposal of vehicles was halted but now as the vehicles are disposed of and removed from the property, they can be removed from the policy. There are two diesel storage tanks that are not being used at our 2840 facility that increased our policy due to the age of the tanks and the risk that they may leak. Once they are removed, our policy will decrease. We are working with our environmental consultant to plan for removal of the tanks, but we currently do not have the funds to do so.

Allocated IT is expected to remain the same.

A full copy of PVRTA's FY21 Amended Budget report has been filed with the minutes of this meeting.

David Moskin: Allocated Insurance has a big increase. \$579,000 to \$739,000. Do we have an aggressive broker.

CFO Seymour: We believe we do. Many factors attribute to that increase including NEXT moving to the 2840 facility, the underground storage tanks, additional vehicles that were purchased, we have new electric chargers, retired vehicles remaining on the policy since they are still on the property and this is the first full year being in the new Cottage Street facility.

David Moskin: We seem unable to reduce expenses even with the reduced service.

Administrator Sheehan: Expenses are higher by about \$4 million dollars due to Covid expenses including cleaning of vehicles and facilities, overtime, lawyers, negotiations, changes in the Governor's Order, etc. We are also operating less service and less miles at UMass and subsidies are not happening with the colleges or The Loop. We have a loss of revenue with schools being closed and a loss of advertising revenue. We've had to purchase barriers for the driver areas on the vehicles, PPE, sanitizers, electric static sprayers. We are having employees tested to retain our workforce which costs about \$200,000 quarterly. Maintaining our workforce has a cost and we are asking a lot of the drivers; to drive and interact with the public during a pandemic as well as deal with arising conflicts relating to Covid such as wearing a mask. We are also operating full service at SATCo and VATCo. Only UMass has reduced service on routes related to the colleges being closed. Routes that service the communities in the UMass service area are still operating on a no school schedule.

Doug Slaughter: Do you feel what remains in the CARES Act will carry us through the next couple of years.

Administrator Sheehan: We are confident that we will have enough funds for FY22 and FY23. After that, it depends on several factors including a vaccine, people utilizing service, etc. Overall, the deficit on this budget is \$7.4 million dollars which will be covered by the CARES act. We do have more funding available on the CARES act if any more developments due to Covid affect our service. Other transit agencies have exhausted their CARES funding already into FY21 where we are fortunate that we still have over \$30 million left going into FY21. With careful planning, we expect to fund our service and prevent service cuts through FY22/23.

Chairman Slaughter asked for a motion from the Finance & Audit Committee to adopt PVTA's FY21 Amended Budget and bring to the Advisory Board for approval.

MOTION: Moved and seconded (Huntley/Moskin) to adopt PVTA's FY21 Amended Budget and bring to the Advisory Board for approval.

Chairman Slaughter asked if there was any discussion.

David Moskin: Would like to see the committees more involved with deliberations. If service cuts needed to happen, would like to see a variety of options brought forth or if PVTA had additional funding, would like to see a variety of options for how PVTA could spend that money such as should we purchase new buses etc.

Administrator Sheehan: Sure. We can make sure that happens.

Chairman Slaughter asked if there was any further discussion, hearing none, asked for a roll call vote.

David Moskin: Yes

Steve Huntley: Yes

Doug Slaughter: Yes

Motion passed by a 3-0 vote.

6. OTHER BUSINESS

Chairman Slaughter reported that there is no other business to discuss.

7. ADJOURNMENT

Chairman Slaughter asked for a motion from the Finance & Audit Committee to adjourn.

MOTION: Moved and seconded (Huntley/Moskin) to adjourn.

Chairman Slaughter asked for a roll call vote.

David Moskin: Yes

Steve Huntley: Yes

Doug Slaughter: Yes

The meeting of the PVTa Finance & Audit Committee adjourned at 11:10 A.M.

A TRUE RECORD

ATTEST:


BRANDY PELLETIER

Documents filed with Finance & Audit Committee Meeting packet:

- September 21, 2020 Finance & Audit Committee Meeting Minutes
- Year to Date – 3-Month Budget to Actual Report
- PVTa's FY21 Amended Budget

Minutes Approved: January 19, 2021